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**Notice of
1991 Annual Meeting and
Proxy Statement**

Wednesday, April 17, 1991
at 9:30 a.m.

Arie Crown Theatre
McCormick Place
Chicago, Illinois

Notice of Meeting

The 106th Annual Meeting of Shareholders of American Telephone and Telegraph Company will be held at the Arie Crown Theatre, McCormick Place, Chicago, Illinois, on Wednesday, April 17, 1991, at 9:30 A.M. for the following purposes:

1. To elect Directors for the ensuing year;
2. To ratify the appointment of auditors to examine the Company's financial statements for the year 1991; and
3. To act upon such other matters, including shareholders' proposals (beginning on page 12 of the accompanying proxy statement), as may properly come before the meeting.

Holders of common shares of record at the close of business on February 26, 1991, will be entitled to vote with respect to this solicitation.

Robert E. Scannell
Vice President – Law and Secretary

February 26, 1991



American Telephone and
Telegraph Company
550 Madison Avenue
New York, NY 10022-3297

Robert E. Allen
Chairman of the Board

February 26, 1991

Dear Shareholder:

It is a pleasure to invite you to your Company's 1991 Annual Meeting in Chicago, Illinois, on April 17th. This will be AT&T's 106th Annual Shareholder Meeting, and I hope that those who find it convenient will attend. To obtain an admission ticket, please mark the appropriate box on the proxy card.

Whether you own a few or many shares of stock and whether or not you plan to attend in person, it is important that your shares be voted on matters that come before the meeting. I urge you to specify your choices by marking the enclosed proxy card and returning it promptly. If you sign and return your proxy card without specifying your choices, it will be understood that you wish to have your shares voted in accordance with the Directors' recommendations.

I look forward to seeing you at the meeting.

Sincerely,

A handwritten signature in black ink that reads "R.E. Allen".

**American Telephone and Telegraph Company
Executive Offices
550 Madison Avenue, New York, NY 10022-3297**

PROXY STATEMENT

This proxy statement and the accompanying proxy/voting instruction card (proxy card) are being mailed beginning February 26, 1991, to holders of common shares in connection with the solicitation of proxies by the Board of Directors for the Annual Meeting of Shareholders in Chicago, Illinois. Proxies are solicited to give all shareholders of record at the close of business on February 26, 1991, an opportunity to vote on matters that come before the meeting. This procedure is necessary because shareholders live in all states and in many foreign countries and most will not be able to attend. Shares can be voted only if the shareholder is present in person or is represented by proxy.

When your proxy card is returned properly signed, the shares represented will be voted in accordance with your directions. You can specify your choices by marking the appropriate boxes on the enclosed proxy card. If your proxy card is signed and returned without specifying choices, the shares will be voted as recommended by the Directors.

If you wish to give your proxy to someone other than the Directors' Proxy Committee, all three names appearing on the enclosed proxy card must be crossed out and the name of another person or persons (not more than three) inserted. The signed card must be presented at the meeting by the person or persons representing you. You may revoke your proxy at any time before it is voted at the meeting.

Your vote is important. Accordingly, you are urged to sign and return the accompanying proxy card whether or not you plan to attend the meeting. If you do attend, you may vote by ballot at the meeting, thereby canceling any proxy previously given.

As a matter of policy, proxies, ballots, and voting tabulations that identify individual shareholders are kept private by the Company. Such documents are available for examination only by the inspectors of election and certain employees associated with processing proxy cards and tabulating the vote. The vote of any shareholder is not disclosed except as may be necessary to meet legal requirements.

If a shareholder is a participant in the AT&T Shareowner Dividend Reinvestment and Stock Purchase Plan ("DRISPP"), the proxy card will represent the number of full shares in the dividend reinvestment plan account on the record date, as well as shares registered in the participant's name. If a shareholder is a participant in the AT&T Employee Stock Ownership Plan ("ESOP"), AT&T Long Term Savings Plan for Management Employees, or AT&T Long Term Savings and Security Plan, the proxy card will also serve as a voting instruction for the trustees of those plans where all accounts are registered in the same name. Shares in ESOP cannot be voted unless the card is signed and returned. If cards representing shares in the Long Term Savings Plans are not returned, those shares will be voted by the trustee of the plan.

If you plan to attend the meeting in person please mark the appropriate box on the proxy card and return the completed card promptly so that we can mail your ticket to you in advance of the meeting. Beneficial owners who plan to attend may obtain their admission tickets in advance by sending written requests, along with proof of ownership, such as a bank or brokerage firm account statement, to the Manager, AT&T Shareowner Relations at 550 Madison Avenue, Room 2500P10, New York, NY 10022-3297.

Shareholders who do not have admission tickets will be admitted upon verification of ownership at the Shareowners' Admissions Counter at the meeting. Ordering a ticket in advance will help you avoid seating delays.

Highlights of the meeting will be included in the next quarterly report. Information on purchasing a full transcript of the meeting will also be found in that quarterly report.

Securities and Exchange Commission ("SEC") rules require that an annual report precede or be included with proxy materials. However, shareholders with multiple accounts may be receiving more than one annual report, which is costly to AT&T and may be inconvenient to these shareholders. You may direct us to discontinue mailing future annual reports on the accounts you select by marking the appropriate box on the proxy card for those accounts. You must leave at least one account unmarked to receive an annual report. Eliminating these duplicate mailings will not affect your receipt of future proxy statements and proxy cards. To resume the mailing of an annual report to an account, call the AT&T shareholder services number, 1-800-348-8288.

Comments from shareowners about the proxy material or about other aspects of the business are welcome, and space is provided on the proxy card for this purpose. Although such notes are not answered on an individual basis, they are very helpful to AT&T management in assessing shareowner sentiment and in determining what kinds of additional information should be furnished in various company publications.

On January 1, 1991, there were 1,092,246,887 common shares outstanding. Each common share is entitled to one vote on each matter properly brought before the meeting.

BOARD OF DIRECTORS

The Board of Directors has the responsibility for establishing broad corporate policies and for overseeing the overall performance of the Company. However, it is not involved in day-to-day operating details. Members of the Board are kept informed of the Company's business through discussions with the Chairman and other officers, by reviewing analyses and

reports sent to them each month, and by participating in Board and committee meetings.

The Board held 14 meetings in 1990; the committees held 23 meetings. The average attendance at the aggregate of the total number of meetings of the Board and the total number of committee meetings was 96%. No incumbent Director attended fewer than 80% of the aggregate of such meetings.

Committees of the Board

The Board has established a number of committees, including Audit, Compensation, and Committee on Directors (nominating). Other committees of the Board are: Corporate Public Policy, Employee Benefits, Executive, Finance, and Proxy (which votes the shares represented by proxies at the Annual Meeting of Shareholders).

The Audit Committee meets with management to consider the adequacy of the internal controls of the Company and the objectivity of financial reporting; the Committee also meets with the independent auditors and with appropriate Company financial personnel and internal auditors about these matters. The Audit Committee recommends to the Board the appointment of the independent auditors, subject to ratification by the shareholders at the Annual Meeting. Both the internal auditors and the independent auditors periodically meet alone with the Audit Committee and always have unrestricted access to the Committee. The Committee, which consists of seven non-employee Directors, met five times in 1990.

The Compensation Committee has six members, none of whom is an employee of the Company. The Committee administers management compensation plans, including the stock option and incentive plans. The Committee makes recommendations to the Board with respect to compensation of Directors and of the five most highly compensated executive officers. The Committee met four times in 1990.

The Committee on Directors advises and makes recommendations to the Board on all matters concerning directorship practices and the selection of candidates as nominees for election as Directors. Seven non-employee Directors are members of this Committee, which met two times in 1990. The Committee acted on this year's candidates at a January 1991 meeting.

In recommending Board candidates, this Committee seeks individuals of proven judgment and competence who are outstanding in their chosen activity and considers such factors as anticipated participation in Board activities, education, geographic location, and special talents or personal attributes. Shareholders who wish to suggest candidates should write to the Vice President-Law and Secretary of the Company at 550 Madison Avenue, Room 3309, New York, NY 10022-3297, stating in detail the qualifications of such persons for consideration by the Committee.

Compensation of Directors

Directors who are not employees receive an annual retainer of \$26,000 and a fee of \$1,250 for each Board, committee, and shareholder meeting attended. The Chairmen of the Audit and Compensation Committees each receive an additional annual retainer of \$7,500. Other non-employee Directors who chair committees receive additional annual retainers of \$5,000. Directors may elect to defer the receipt of all or a part of fees and retainers. Amounts so deferred earn interest, compounded quarterly, at an annual rate equal to the average interest rate for 10-year United States Treasury notes for the previous quarter, plus 5%. Directors who are also employees of the Company or a subsidiary receive no compensation for serving as Directors.

The Company also provides non-employee Directors with travel accident insurance when on Company business. A non-employee Director may purchase life insurance sponsored by

the Company. The Company will share the premium expense with the Director; however, all the Company contributions will be returned to the Company at the earlier of (a) the Director's death or (b) the later of age 70 or 10 years from the policy's inception. This benefit will continue after the non-employee Director's retirement from the Board of Directors.

Non-employee Directors with at least five years' service are eligible for an annual retirement benefit equal to their annual retainer at retirement. The benefit begins at age 70 and is payable for life.

ELECTION OF DIRECTORS (Item A on Proxy Card)

The Directors' Proxy Committee intends to vote for the election of the 16 nominees listed on the following pages, unless otherwise instructed on the proxy card. These nominees have been selected by the Board on the recommendation of the Committee on Directors. If you do not wish your shares to be voted for particular nominees, please identify the exceptions in the appropriate space provided on the proxy card.

If at the time of the meeting one or more of the nominees have become unavailable to serve, shares represented by proxies will be voted for the remaining nominees and for any substitute nominee or nominees designated by the Committee on Directors or, if none, the size of the Board will be reduced. The Committee on Directors knows of no reason why any of the nominees will be unavailable or unable to serve.

Directors elected at the meeting will hold office until the next Annual Meeting or until their successors have been elected and qualified.

For each nominee there follows a brief listing of principal occupation for at least the past five years, other major affiliations, age, and equity securities and options of the Company held by the nominee as of January 1, 1991, except

that share ownership shown includes shares awarded in early 1991 to Officers under the Company's long term incentive programs with respect to performance for 1990 and prior years. The Directors and Officers of the Company as a group beneficially owned 1,764,063 AT&T common shares (includes 1,153,180 shares which may be acquired within 60 days of January 1, 1991 through the exercise of stock options, as well as 307,822 shares over which they have sole or shared voting and investment power as trustee), which are less than 1% of the class. Except as otherwise noted, the nominee or family members had sole voting and investment power with respect to such securities.

NOMINEES FOR ELECTION AS DIRECTORS

Robert E. Allen, Chairman and Chief Executive Officer of AT&T since 1988; President and Chief Operating Officer of AT&T (1986-1988). Chairman and Chief Executive Officer of AT&T Technologies, Inc. (1986-1988); Chairman of AT&T International Inc. (1986-1987) and Chairman of AT&T Information Systems Inc. (1985-1986) (subsidiaries). Director of Bristol-Myers Squibb Co. and PepsiCo, Inc. Director of AT&T since 1984; Chairman of the Executive and Proxy Committees. Age 55. AT&T common shares 65,902; also holds options for 239,414 shares.



M. Kathryn Eickhoff, President of Eickhoff Economics Inc. (economic consultants) since 1987. Associate Director for Economic Policy, U.S. Office of Management and Budget (1985-1987). Director of National Westminster Bancorp Inc.; Tenneco Inc.; and The Upjohn Company. Director of AT&T since 1987; member of the Corporate Public Policy Committee and the Committee on Employee Benefits. Age 51. AT&T common shares 500.



Walter Y. Elisha, Chairman since 1983 and Chief Executive Officer since 1981 of Springs Industries, Inc. (textile manufacturing). Director of Springs Industries, Inc. Director of AT&T since 1987; member of the Compensation and Finance Committees. Age 58. AT&T common shares 7,151.



Louis V. Gerstner, Jr., Chairman and Chief Executive Officer of RJR Nabisco Holdings Corp. (tobacco and food products) since 1989. President of American Express Company (1985-1989). Director of Bristol-Myers Squibb Co.; Caterpillar, Inc.; RJR Nabisco Holdings Corp.; and The New York Times Company. Director of AT&T since December 1990; member of the Audit and Finance Committees. Age 48. AT&T common shares 1,068.



Philip M. Hawley, Chairman and Chief Executive Officer of Carter Hawley Hale Stores, Inc. (department stores) since 1983. Director of Atlantic Richfield Co.; BankAmerica Corp. and its subsidiary, Bank of America, N.T.& S.A.; Carter Hawley Hale Stores, Inc.; Johnson & Johnson; and Weyerhaeuser Company. Director of AT&T since 1982; Chairman of the Compensation Committee; member of the Committee on Directors. Age 65. AT&T common shares 1,000. Mr. Hawley disclaims beneficial ownership of 396 common shares held by Mrs. Hawley.



Edward G. Jefferson, retired Chairman of the Board and Chief Executive Officer of E.I. du Pont de Nemours and Co. (chemicals and energy; 1981-1986). Director of Chemical Banking Corporation and its subsidiary, Chemical Bank; and E.I. du Pont de Nemours and Co. Member of the Business Council. Trustee of Winterthur Museum and Gardens and the University of Delaware. Director of AT&T since 1982; member of the Audit Committee and the Committee on Directors. Age 69. AT&T common shares 600.



Belton K. Johnson, owner of Chaparriso Ranch for more than sixteen years. Chairman of Belton K. Johnson Interests since 1981. Director of Tenneco Inc. Director of AT&T since 1974; Chairman of the Corporate Public Policy Committee; member of the Committee on Employee Benefits and the Proxy Committee. Age 61. AT&T common shares 5,016.



Drew Lewis, Chairman and Chief Executive Officer of Union Pacific Corp. (transportation, natural resources and environmental services) since 1987; President and Chief Operating Officer (1986-1987); Chairman and Chief Executive Officer of Union Pacific Railroad Company (1986). Chairman, Warner Amex Cable Communications (1983-1986). U.S. Secretary of Transportation (1981-1983). Director of American Express Co.; Ford Motor Company; and Union Pacific Corp. Director of AT&T since 1989; member of the Audit and Corporate Public Policy Committees. Age 59. AT&T common shares 4,000.



Donald F. McHenry, President of IRC Group (international relations consultants) since 1981 and University Research Professor of Diplomacy and International Relations, Georgetown University, since 1981. U.S. Ambassador to the United Nations (1979-1981); U.S. Deputy Representative to the U.N. Security Council (1977-1979). Director of Bank of Boston Corp. and its subsidiary, First National Bank of Boston; Coca-Cola Co.; International Paper Co.; and SmithKline Beecham Corp. Director of AT&T since 1986; member of the Corporate Public Policy Committee and the Committee on Employee Benefits. Age 54. AT&T common shares 500.



Donald S. Perkins, retired Chairman of the Board and Chief Executive Officer of Jewel Companies, Inc. (diversified retailer; 1970-1980). Director of Aon Corp.; Cummins Engine Company, Inc.; Illinois Power Co.; Inland Steel Industries; K mart Corp.; Springs Industries, Inc.; TBG Inc.; and Time Warner Inc. Trustee of Northwestern University, the Putnam Funds and LaSalle Street Fund. Director of AT&T since 1979; Chairman of the Committee on Directors and member of the Executive, Finance, and Proxy Committees. Age 63. AT&T common shares 2,222. As an investment company trustee, has shared voting and investment power over 306,200 common shares.



Henry B. Schacht, Chairman of the Board and Chief Executive Officer of Cummins Engine Company, Inc. since 1977. Director of CBS Inc.; The Chase Manhattan Corp. and its subsidiary, The Chase Manhattan Bank, N.A.; and Cummins Engine Company, Inc. Trustee of The Ford Foundation and The Yale Corporation. Director of AT&T since 1981; Chairman of the Committee on Employee Benefits; member of the Corporate Public Policy Committee. Age 56. AT&T common shares 1,045.



Michael I. Sovern, President of Columbia University since 1980. Director of Chemical Banking Corporation and its subsidiary, Chemical Bank; and Orion Pictures Corporation. Director of AT&T since 1984; member of the Audit and Compensation Committees. Age 59. AT&T common shares 1,000.



Franklin A. Thomas, President of The Ford Foundation since 1979. Director of Aluminum Company of America; CBS Inc.; Citicorp and its subsidiary, Citibank, N.A.; and Cummins Engine Company, Inc. Director of AT&T since 1988; member of the Committee on Directors and the Audit Committee. Age 56. AT&T common shares 519.



Randall L. Tobias, Vice Chairman of the Board of AT&T since 1986; Chairman and Chief Executive Officer of AT&T Communications, Inc. (subsidiary) since 1985 and of AT&T Information Systems Inc. (subsidiary; 1986-1989). Director of Chemical Banking Corporation and its subsidiary, Chemical Bank; and Eli Lilly and Co. Director of AT&T since 1986; member of the Committee on Employee Benefits. Age 48. AT&T common shares 50,973; also holds options for 70,000 shares. Mr. Tobias disclaims beneficial ownership of 1,158 common shares held by Mrs. Tobias and their children.



Joseph D. Williams, Chairman and Chief Executive Officer of Warner-Lambert Co. (pharmaceuticals, health care, and consumer products) since 1985. Director of Exxon Corp.; J.C. Penney Co., Inc.; and Warner-Lambert Co. Director of AT&T since 1984; member of the Executive, Compensation, and Finance Committees. Age 64. AT&T common shares 3,577.



Thomas H. Wyman, Chairman of United Biscuits (Holdings) U.S. Ltd. (food products) since 1989. William Donaldson Faculty Fellow, Yale University School of Organization and Management (1987-1988). Chairman of the Board and Chief Executive Officer of CBS Inc. (1983-1986). Director of General Motors Corporation; Imperial Chemical Industries PLC (U.K.); S.G. Warburg Group PLC (U.K.); and United Biscuits (Holdings) PLC (U.K.). Director of AT&T since 1981; Chairman of the Audit Committee; member of the Compensation Committee. Age 61. AT&T common shares 500.



RATIFICATION OF APPOINTMENT OF AUDITORS

(Item B on Proxy Card)

Subject to shareholder ratification, the Board of Directors, upon recommendation of the Audit Committee, has reappointed the firm of Coopers & Lybrand as the independent auditors to examine the Company's financial statements for the year 1991. Coopers & Lybrand has audited the Company's books for many years. **The Board recommends that the shareholders vote FOR such ratification.** If the shareholders do not ratify this appointment, other independent auditors will be considered by the Board upon recommendation of the Audit Committee.

Representatives of Coopers & Lybrand are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire and to respond to questions.

For the year 1990 Coopers & Lybrand also examined the financial statements of the Company's subsidiaries and provided other audit services to the Company and subsidiaries in connection with SEC filings, review of financial statements, and audits of pension plans.

SHAREHOLDERS' PROPOSALS

AT&T receives many suggestions from shareholders, some as formal shareholder proposals. All are given careful attention. Many proposals have been withdrawn by proponents after discussions led to a clarification or modification of the Company's position. For example, this year the Evangelical Lutheran Church in America submitted a proposal addressing concerns about the environment, and urging AT&T to sign the Valdez Principles. As a result of discussions with the proponent, AT&T will host a meeting or symposium to bring together industry and other non-government organizations working on environmental guidelines, with the goal of fostering an exchange of information and providing a forum for discussion of creative approaches for resolving environmental issues. Your Company

believes that it is in the forefront of managing its business with an awareness of potential impacts on the environment and it welcomes the opportunity to continue discussions with the proponent.

Proponents have stated that they intend to present the following proposals at the Annual Meeting. Information on the shareholdings of the proponents is available upon request from the Corporate Secretary's Department, Shareowner Relations, at 550 Madison Avenue, Room 2500P10, New York, NY 10022-3297. The proposals and supporting statements are quoted below. The Board has concluded it cannot support these proposals for the reasons given.

Shareholder Proposal 1:

Mrs. Evelyn Y. Davis, Watergate Office Building, 2600 Virginia Ave., N.W., Suite 215, Washington, DC 20037, has submitted the following proposal:

"RESOLVED: That the stockholders of AT&T assembled in Annual Meeting in person and by proxy hereby request the Board of Directors to have the Company furnish the stockholders each year with a list of people employed by the Corporation with the rank of Vice President or above, or as a consultant, or as a lobbyist, or as legal counsel or investment banker or director, who, in the previous five years have served in any governmental capacity, whether Federal, City or State, or as a staff member of any CONGRESSIONAL COMMITTEE or regulatory agency, and to disclose to the stockholders whether such person was engaged in any matter which had a direct bearing on the business of the Corporation and/or its subsidiaries, provided that information directly affecting the competitive position of the Corporation may be omitted.

"REASONS: Full disclosure on these matters is essential at AT&T because of its many dealings with Federal and State agencies, and because of pending issues forthcoming in Congress and/or State and Regulatory Agencies.

"Last year the owners of 46,023,317 shares, representing approximately 6.6% of shares voting, voted FOR this proposal.

"If you AGREE, please mark your proxy FOR this resolution."

Your Directors recommend a vote against this proposal. In 1976, 1977, 1989, and 1990 essentially the same proposal was submitted and included in the proxy material; each year it was rejected by well over 93% of the votes cast.

In the section of this proxy statement devoted to the Election of Directors, there are descriptions of the Director nominees, including their principal occupations and business experience during the past five years. In the AT&T Form 10-K Annual Report to the SEC, which is available on request, the Company reports the same information for each executive officer.

The other people addressed by this proposal—in the management of the Company and at the professional firms engaged by it—represent a broad range of background and experience. We do from time to time engage outside experts to assist on specific projects, and although some of these individuals may have served in government positions, the Company's association with these experts is always in compliance with applicable laws.

The Directors believe the burdensome and, to an extent, duplicative task of annually compiling, administering, and distributing the data requested by the proponent, and the expense involved serve no useful purpose. **They therefore recommend that shareholders vote AGAINST this proposal.**

Shareholder Proposal 2:

Lewis D. and John J. Gilbert, 1165 Park Avenue, New York, NY 10128; John C. Henry, 5 East 93rd Street, New York, NY 10128; Albert Kurtz, c/o Jack Kurtz, 531 La Mesa Drive, Salinas, CA 93901; Martin Glotzer, 7061 N. Kedzie, Chicago, IL 60645; Marie C. Daly, 4040 14th, Des Moines, IA 50313; and Edward and Edith Rudy, 1641 Third Avenue, New York, NY 10128, have submitted the following proposal:

“RESOLVED: That the stockholders of American Telephone and Telegraph Company, assembled in annual meeting in person and by proxy, hereby request that the Board of Directors take the steps necessary to restore limited pre-emptive rights to the shareholders.

REASONS

“Support along the lines we suggest was shown at the last annual meeting when, 11.1%, 88,695 owners of 78,055,234 shares, were cast in favor of this proposal. The vote against included the unmarked proxies.

“In his article ‘Rights Versus Underwritten Offerings,’ published by the *Journal of Financial Economics*, Vol. 5 No. 3, December, 1977, Professor Clifford W. Smith, Jr., stated:

Examination of expenses reported to the SEC indicates that rights offerings involve significantly lower costs... The underwriting industry, finance textbooks, and corporate proxy statements offer several justifications for the use of underwriters. However, estimates of the magnitudes of these arguments indicate that they are insufficient to justify the additional costs of the use of underwriters...

“We ourselves have no objection to the use of underwriters provided it is based on a rights offering where underwriters are paid maximum and minimum fees depending on the amount of shares taken by the owners.

"If you agree, please mark your proxy for this resolution; otherwise it is automatically cast against it, unless you have marked to abstain."

Your Directors recommend a vote against this proposal. Mandatory preemptive rights were eliminated in 1975 with shareholder approval. The preemptive rights feature is far less important today than some years ago when it was conceived as a means of maintaining proportionate ownership.

With a preemptive rights feature, a company issues rights to shareholders, in proportion to their existing holdings, to purchase new equity being offered by the company. However, because AT&T has a very large shareowner base—some 2.5 million shareowners—a rights offering is costly, complex, and time-consuming. Today, shareholders can accomplish the same objective either by participating in the Company's reinvestment plan (DRISPP) or by purchasing additional shares through brokers.

Elimination of mandatory preemptive rights has given the Company greater flexibility to raise equity capital in needed amounts, at opportune times and at favorable costs. For example, the Company can utilize the SEC's shelf registration rule to control the timing and amount of new equity sold. Where appropriate, the Company also has used the option of raising modest amounts of equity at reasonable cost through DRISPP, and it could also undertake a rights offering should that be best for the needs of the business.

Shareholders rejected this proposal in 1976, 1977, 1978, 1983, 1984, 1985, and 1990. Your Directors believe that the elimination of mandatory preemptive rights has been an important factor in improving the Company's financial strength and the value of our shareholders' investment. **Therefore, your Directors recommend that shareholders once again vote AGAINST this proposal.**

Shareholder Proposal 3:

Shirley Leschin, 112 West Church St., Marshalltown, IA 50158,
has submitted the following proposal:

"WHEREAS the following population figures (obtained from the U.S. Statistical Abstract) are presented to support the fact that we are becoming a geriatric society

	1985	1990
Age 45+	30%	31%
	42.7%	43.1%
Age 18-44	99,975,000	106,117,000
	19%	18.4%
Age 5-17.....	44,749,000	45,390,000
	7.6%	7.5%
Under 5	17,826,000	18,456,000

and WHEREAS in the opinion of this proponent certain segments are already showing the effects namely the closing of schools due to an absence of children; the ongoing expansion of nursing care facilities for the elderly; the future lack of younger workers to sustain the Social Security System and the defense of our nation THEREFORE IT IS RECOMMENDED that this corporation refrain from giving money to advocacy or service organizations that support, counsel or perform abortion.

"STATEMENT IN SUPPORT OF RESOLUTION: It is not in the long term interest of this company to support a policy that contributes so devastatingly to the greying of America.

"The final vote count last year was:

FOR:	37,227,712 Shares	5.50%
AGAINST:	639,984,453 Shares	94.50%
ABSTAINED:	169,573,395 Shares	20.02%

"I ask you to vote *FOR* this resolution."

Your Directors recommend a vote against this proposal. A similar proposal was submitted to shareowners last year and defeated by over 94% of the shares voted. In effect, the proposal calls upon AT&T to take a stand on the issue of abortion. We repeat what we have consistently said: as a matter of corporate policy, AT&T neither takes a stand on abortion nor endorses any organization's position on the issue.

It would be presumptuous for the Company to take or appear to take a position on an issue about which the views of AT&T shareowners and employees are so clearly diverse, and which we feel is a matter of conscience, not corporate choice. **Therefore, the Directors recommend that shareholders once again this year vote AGAINST this proposal.**

Shareholder Proposal 4:

Ann F. Lewis, 1111 Beacon Street, Brookline, MA 02146, has submitted the following proposal:

"WHEREAS, the AT&T Foundation is supported by the AT&T Corporation; and

"WHEREAS, the AT&T Foundation has for many years provided significant support to education and teenage pregnancy prevention programs operated by Planned Parenthood Federation of America; and

"WHEREAS, these funds, at the request of the AT&T Foundation, have, for the past five years, been used exclusively for the teenage pregnancy prevention program and for no other purpose; and

"WHEREAS, the AT&T Foundation in 1990 terminated support for Planned Parenthood, after a pressure campaign had been mounted by anti-abortion advocates; and

"WHEREAS, Planned Parenthood Federation of America continues to provide services to prevent teenage pregnancy which require community support; and

"WHEREAS, the continued operation of teenage pregnancy prevention programs is in the best interests of this nation and therefore of AT&T shareholders;

"NOW THEREFORE BE IT RESOLVED THAT:

"The shareholders of AT&T request resumption of annual contributions to Planned Parenthood Federation of America by the AT&T Foundation for the sole and limited purpose of funding teenage pregnancy prevention programs."

"EXPLANATION

"REASONS: The AT&T Foundation has discontinued funding for Planned Parenthood's teenage pregnancy prevention program, even though that program was widely considered to be effective and needed.

"Teenage pregnancy is a serious problem in our society, resulting in tremendous personal and economic cost. Planned Parenthood is one of very few organizations with a record of service to at-risk adolescents. In accordance with AT&T Foundation requests, the funds contributed by AT&T were used, for the past five years, only for the designated teenage pregnancy prevention program. Now, the AT&T Foundation has announced that Planned Parenthood would no longer receive support because the organization was associated with abortion.

"In last year's proxy statement, AT&T stated that it took no stand on the abortion issue. However, in cancelling the grant to Planned Parenthood, and in the public explanation of its actions, the AT&T Foundation clearly associated AT&T with such a stand.

"Passage of this resolution will make clear the intent of shareholders to support two important principles: prevention of teenage pregnancy is a socially useful goal; and genuine neutrality on the issue of abortion includes not penalizing otherwise worthwhile organizations which have taken policy positions."

Your Directors recommend a vote against this proposal. AT&T is supportive of efforts to prevent unwanted teenage pregnancies. In fact, the AT&T Foundation provides grants to a variety of social service programs that deliver comprehensive services to teenagers, many of which include the provision of information on pregnancy prevention. The grants aimed at teenagers include a three-year, \$2.25 million initiative begun in 1988 and operating in ten cities across the United States.

The AT&T Foundation decided in 1990 to no longer fund Planned Parenthood in part because people on *both* sides of the abortion rights debate viewed support of that organization as taking a position on abortion. As we stated last year—and again this year in our response to Shareholder Proposal 3—it would be presumptuous for the Company to take or appear to take a position on an issue about which the views of AT&T shareowners and employees are so clearly diverse, and which we feel is a matter of conscience, not corporate choice.

AT&T extends grants to hundreds of organizations every year. Each grant is discussed and decided by management and the trustees of the AT&T Foundation. Attempting to make philanthropic decisions by shareholder vote would make it impossible for AT&T to be responsive to community needs. **Therefore, your Directors recommend that shareholders vote AGAINST this proposal.**

Shareholder Proposal 5:

The National Alliance, Post Office Box 2264, Arlington, VA 22202, has submitted the following proposal:

“WHEREAS, Sales of AT&T products and services to the state of Israel and to Israeli businesses may contribute toward violations of the human rights of Palestinians; therefore be it

“RESOLVED, that the shareholders of AT&T hereby request the Board of Directors to take the necessary steps to phase out all sales of AT&T products and services to the state of Israel and to Israeli businesses.

“Supporting Statement

“Dear Fellow Shareholder,

“DID YOU KNOW that, on October 17, 1990, the United States joined the other 14 nations of the United Nations Security Council in unanimously condemning the government of Israel for the shooting deaths of at least 21 Palestinian worshippers?

“DID YOU KNOW that, according to a four-volume report authored by Anne Nixon and published by the *Swedish Save the Children* organization in January 1990, 159 Palestinian children aged 15 and under were killed by Israeli occupation forces and settlers in 1988 and 1989? The average age of the children killed was 10. 67% were shot to death. The rest were killed by beating or asphyxiated by tear gas used in their homes or other enclosed spaces. Less than 19% of the children were involved in a demonstration when they were killed. Of the 159 dead children, 40% were at home or within 10 meters of their house when they were killed.

“DID YOU KNOW that, according to the *Swedish Save the Children* report, in at least one documented case, soldiers dragged a child out of his home and shot him to death in the street? From 1988 through 1989, this report estimates that

50,000 to 63,000 Palestinian children were injured, 40% of whom were 10 years of age or younger.

"DID YOU KNOW that, in the introduction to the *Swedish Save the Children* report, Thomas Hammarberg, Secretary General of the organization, concludes that Israeli attacks on Palestinian children 'cannot be dismissed as only a few cases of misconduct by individual soldiers; they are massive and systematic. They reflect a governmental policy'.

"To remain silent and continue 'business as usual' in the face of such gruesome human rights violations might be interpreted by the Israeli government and others as a tacit approval of these actions. Israel's ghastly record of human rights violations perpetrated upon the Palestinian people cannot be expected to improve until the moral outrage of concerned American investors in companies that do business in Israel, is adequately demonstrated. Phasing out the sales of AT&T products and services to the state of Israel and to Israeli businesses is a first step in this direction.

"If you agree, please be sure to mark your proxy card with an 'X' in the FOR box associated with this proposal. If you leave the boxes for this proposal unmarked on your proxy card, your shares will automatically be voted against this proposal. Remember, no matter how few or how many shares you own, *every vote counts!*

"(The *National Alliance* notes that Anne Nixon and the *Swedish Save the Children* organization object to the above references to their report.)"

Your Directors recommend a vote against this proposal. The proponent's professed concern for human rights lacks credibility and is even misleading, given the consistent anti-Semitic bias in the proponent's literature and public statements. Clearly, the proponent is using the proxy process not to attempt to advance

human rights, but to achieve anti-Semitic goals. Discontinuance of AT&T's international long distance service between the U.S. and Israel would only tend to undermine efforts to resolve the Israeli-Palestinian conflict. Furthermore, by discontinuing such service, AT&T would be putting itself in the inappropriate position of deciding where the millions of people who rely on this long distance service may and may not call. **Therefore, the Directors recommend a vote AGAINST this proposal.**

Approval of the preceding shareholder proposals would require a majority of the votes cast thereon.

SUBMISSION OF SHAREHOLDER PROPOSALS

Proposals intended for inclusion in next year's proxy statement should be sent to the Vice President-Law and Secretary of the Company at 550 Madison Avenue, Room 3309, New York, NY 10022-3297, and must be received by October 29, 1991.

OTHER MATTERS TO COME BEFORE THE MEETING

In addition to the matters described above, there will be an address by the Chairman and a general discussion period during which shareholders will have an opportunity to ask questions about the business.

If any matter not described herein should come before the meeting, the Directors' Proxy Committee will vote the shares represented by it in accordance with its best judgment. At the time this proxy statement went to press, the Company knew of no other matters which might be presented for shareholder action at the meeting.

EXECUTIVE COMPENSATION

The following table shows 1990 cash compensation paid to the five most highly compensated Executive Officers of the Company and to all Executive Officers of the Company as a group for services to the Company and its subsidiaries.

CASH COMPENSATION TABLE

Name of individual	Capacities in which served	Cash Compensation(1)
Robert E. Allen	Chairman of the Board and Chief Executive Officer.....	\$ 2,021,000
Randall L. Tobias	Vice Chairman of the Board	\$ 1,089,400
Morris Tanenbaum	Vice Chairman of the Board and Chief Financial Officer	\$ 1,033,400
Victor A. Pelson	Group Executive, Communications Services	\$ 747,500
Sam R. Willcoxon	Group Executive, International	\$ 695,700
Executive Officers as a group		\$13,529,888
(consisting of 21 persons, including those named above, 19 for a full year and 2 for portions of the year.)		

Footnote

(1) Includes salary and Short Term Incentive Plan awards (this plan and others are described on the following pages). Messrs. Allen, Tobias, and Tanenbaum also served as Directors but received no separate compensation in that capacity.

The Company maintains the AT&T Management Pension Plan, a non-contributory pension plan which covers all management employees, including Executive Officers. The normal retirement age under this plan is 65; however, retirement before age 65 can be elected under certain conditions.

Under the AT&T Management Pension Plan annual pensions are computed on an adjusted career average pay basis. The adjusted career average pay formula is the sum of (a) 1.5% of the average pay for the three years ending December 31, 1986, times the number of years of service prior to January 1, 1987, plus (b) 1.6% of pay subsequent to December 31, 1986. Only the basic salary of an Executive Officer is taken into

account in the formula used to compute pension amounts. As a result of an amendment to the plan in 1989, an enhanced pension benefit is available to certain eligible employees. The enhanced pension benefit, which is calculated as of December 30, 1989 by adding five to the age and number of years of service of these employees, remains in effect until the employee's actual age, service, and compensation yield a greater pension benefit.

The Company also maintains the AT&T Non-Qualified Pension Plan. Under the plan annual pensions for Executive Officers and other senior managers are computed based primarily on standard awards under the Company's Short Term Incentive Plan. Pension benefits under this plan will generally commence at the same time as benefits under the AT&T Management Pension Plan. The annual pension amounts payable under this plan are equal to the greater of the amounts computed under the Basic or Alternate Formula described below.

Basic Formula:

The sum of (a) 1.5% of the average of the annual standard Short Term Incentive Awards for the three-year period ending December 31, 1986, times the number of years of service prior to January 1, 1987, plus (b) 1.6% of the standard Short Term Incentive Awards subsequent to December 31, 1986.

Alternate Formula:

The excess of (a) 1.7% of the adjusted career average pay, over (b) 0.8% of the covered compensation base, times years of service to retirement minus the AT&T Management Pension Plan amount. For purposes of this formula, adjusted career average pay is determined by dividing the sum of the employee's total adjusted career income used for purposes of the AT&T Management Pension Plan, plus the income figure used for purposes of the Basic Formula, by the employee's actual term of employment at retirement.

The covered compensation base used in this formula is the average of the maximum wage amount on which an employee was liable for social security tax for each year beginning with 1959 and ending with 1989. In 1990 the covered compensation base was \$18,600.

The Company entered into a supplemental pension arrangement with an Executive Officer hired in 1990. Pursuant to this arrangement, if the executive's employment is terminated by the Company for any reason other than "cause", as defined, prior to attaining 60 years of age and after completion of five years of Net Credited Service, as defined, he will be entitled to an immediate pension benefit based on actual Net Credited Service and calculated under the then-existing Company qualified and non-qualified pension formulas, but without reference to age and service eligibility requirements. In the event that the Executive Officer's employment is terminated after attaining age 60 (unless employment is terminated by the Company for "cause", as defined) the Company agrees to provide an immediate pension benefit equal to the greater of \$10,968.75 per month (as adjusted for any survivor benefit option elected by the executive) and the executive's accrued pension based on actual Net Credited Service and calculated under the then-existing qualified and non-qualified pension formulas, but without reference to age and service eligibility requirements. Pension benefits payable under the arrangement will be payable out of the Company's operating income, and will be offset by all amounts actually received by the executive under any other Company qualified or non-qualified retirement plan or arrangement. In addition, the executive will be entitled to certain other post-retirement benefits that are generally made available to retired executives and service pension-eligible senior managers from time to time.

Pension amounts under either the AT&T Management Pension Plan or the AT&T Non-Qualified Pension Plan are not subject to reductions for Social Security benefits or other offset amounts. If the Executive Officers named above continue in the

positions given above and retire at the normal retirement age of 65, the estimated annual pension amounts payable under both plans for Messrs. Allen, Tobias, Tanenbaum, Pelson, and Willcoxon would be \$741,871, \$656,256, \$503,489, \$361,578, and \$334,254, respectively. Amounts shown are straight-life annuity amounts not reduced by a joint and survivorship provision which is available to these Officers.

Under the AT&T Management Pension Plan, the Company provides, on the death of an active or retired employee, a death benefit equal to the employee's annual basic salary rate. The Company also provides, under the AT&T Non-Qualified Pension Plan, a death benefit equal to an Executive Officer's or other senior manager's current standard Short Term Incentive Award (but not in excess of 60% of the senior manager's standard salary rate).

Federal laws place limitations on pensions and death benefits that may be paid under the pension trust related to the AT&T Management Pension Plan. Pension amounts and death benefit amounts which exceed the applicable limitations, as well as pension and death benefit amounts payable under the AT&T Non-Qualified Pension Plan, will be paid as an operating expense.

For an employee who retired prior to October 1, 1990, the Company provides a death benefit equal to the difference, if any, between the employee's annual basic salary rate at retirement and the amount of post-retirement coverage under the Basic Life Insurance Plan. The Company-provided death benefit described in this paragraph will be paid as an operating expense.

The Company provides a post-retirement lump sum death benefit equal to the average after-tax differential between payments to be paid to survivors under the AT&T Management Pension Plan as well as the AT&T Non-Qualified Pension Plan annuity and death benefit provisions and the amount payable under a former death benefit plan.

Beginning October 1, 1990, Executive Officers and other senior managers received life insurance coverage equal to one times their annual salary, in lieu of life insurance available through the Basic Life Insurance Plan. The Company-paid premiums are returned to the Company at the earlier of (a) the employee's death or (b) the later of age 65 or 10 years from the policy's inception. The benefits will continue after retirement. The amounts imputed as income to participants during 1990 for coverage under this arrangement were \$345, \$147, \$428, \$143, \$240, and \$3,113, respectively, for Messrs. Allen, Tobias, Tanenbaum, Pelson, Willcoxon, and Executive Officers as a group. Executive Officers and other senior managers may purchase life insurance equal to one times or one and one-half times their annual salary. The Company will share the premium expense; however, all Company contributions will be returned to the Company at the earlier of (a) the employee's death or (b) the later of age 65 or 10 years from the policy's inception. These benefits will continue after retirement.

An Executive Officer or other senior manager who becomes disabled may receive full salary for up to one year and 60% of final salary thereafter, up to age 65, and may be given credit for the period of disability in computing service for pension purposes. An Executive Officer or other senior manager or surviving spouse also may be entitled to a minimum pension (based on 15% of final salary and standard Short Term Incentive Award, provided that such incentive award used to compute this minimum pension shall not exceed 60% of the standard salary rate). The benefits described in this paragraph, to the extent not offset by amounts payable under the AT&T Management Pension Plan and other Company-provided pensions, and certain other benefit programs, will be paid as an operating expense.

Senior managers (including Executive Officers) and certain other management employees who are hired at age 35 or over are covered by a supplemental benefit plan. The plan provides survivor protection equal to one year's salary until the employee

qualifies for survivor protection coverage under the AT&T Management Pension Plan or the disability plan for senior managers. For specified managers retiring, with at least five years in level, the plan also provides additional pension credits equal to the difference between age 35 and their maximum possible years of service attainable at age 65, but not to exceed actual net credited service, at approximately one-half the rate in the AT&T Management Pension Plan. Benefits under this plan will be paid as an operating expense.

Under the AT&T Long Term Savings Plan for Management Employees, an eligible employee may make a basic allotment of 2% to 6% of salary, and the Company contributes an amount equal to two-thirds of the basic allotment. Certain IRS limitations cause Executive Officers and other managers to lose Company contributions and these employees receive an annual lump sum payment equal to any lost Company contribution. Company contributions with respect to the Long Term Savings Plan and the related lump sum payment in 1990 were \$16,241, \$13,400, \$13,582, \$10,145, and \$10,796, respectively, for Messrs. Allen, Tobias, Tanenbaum, Pelson, Willcoxon, and \$203,943 for Executive Officers as a group.

A Short Term Incentive Plan applicable to Executive Officers and other senior managers provides for annual cash awards based on corporate and individual performance in the preceding year. Under this plan, the Board sets a standard award amount for each management level and such amount is the basis upon which the incentive compensation is determined. Actual awards for the performance year 1990 (payable in 1991) were based upon corporate financial performance criteria established by the Board and upon individual performance.

Under a prior Long Term Incentive Plan for senior managers (including Executive Officers), the Board has granted performance share awards in 1978 through July 14, 1987. Under the AT&T 1987 Long Term Incentive Program, which was approved by the shareholders in 1987, the Compensation Committee of the Board of Directors ("Committee") has granted

and may continue to grant performance share awards to Executive Officers and other senior managers. The portion of the awards distributed, if any, at the end of a stated future period will be determined by the degree to which specified objectives are met. Awards will be distributed as common stock of the Company, or as cash in an amount equal to the value of those shares, or partly in common stock and partly in cash. The Committee established performance periods of five years' duration for grants in 1978 through 1984 and of three years' duration for grants in 1985 through 1990. Distribution of awards was made in 1990 under these plans for a three-year period ending December 31, 1989 as follows: 7,083, 5,240, 4,593, 2,992, 2,992, and 51,430 shares of common stock were distributed to or deferred by Messrs. Allen, Tobias, Tanenbaum, Pelson, Willcoxon, and Executive Officers as a group, respectively, and \$275,440, \$203,732, \$178,571, \$116,313, \$116,313 and \$1,999,479 was distributed to or deferred by Messrs. Allen, Tobias, Tanenbaum, Pelson, Willcoxon, and Executive Officers as a group, respectively. During the year in which a performance share award is made, and thereafter until distribution, cash payments are made to participants in an amount equivalent to the dividends paid on the number of shares awarded. These dividend equivalents are paid on a current basis and do not depend on the awards actually distributed at the end of the performance period. Dividend equivalents paid or deferred under this plan in 1990 to Messrs. Allen, Tobias, Tanenbaum, Pelson, Willcoxon, and Executive Officers as a group were \$76,938, \$40,495, \$37,612, \$25,540, \$23,101, and \$450,247, respectively.

The Company provides a plan to permit deferral of awards under the Short Term Incentive Plan as well as deferral of performance share awards and dividend equivalents under Long Term Incentive Plans. On deferred share amounts, accounts are credited, on each dividend payment date for AT&T common stock, with a number of deferred shares of common stock equivalent in market value to the amount of the quarterly dividend on the shares then credited to the accounts. On

deferred cash amounts interest is credited, compounded quarterly, at an annual rate equal to the average interest rate for 10-year United States Treasury notes for the previous quarter, plus 5%.

From January 3, 1984, through July 14, 1987, awards of stock options and stock appreciation rights ("SARs") were made under the AT&T 1984 Stock Option Plan. Beginning July 15, 1987, awards of stock options and SARs have been made under the AT&T 1987 Long Term Incentive Program. Both the AT&T 1984 Stock Option Plan and the AT&T 1987 Long Term Incentive Program are administered by the Committee. No member of the Committee is an employee of the Company.

Under the AT&T 1987 Long Term Incentive Program the purchase price per share of stock purchasable under any stock option will be determined by the Committee, but may not be less than 100% of the fair market value of the stock on the date of the grant of such option. The term of each option is fixed by the Committee. Options are exercisable at such time or times as determined by the Committee. Options are exercised by payment in full of the purchase price, either in cash or, at the discretion of the Committee, in whole or in part, in stock of the Company or other consideration having a fair market value on the date the option is exercised equal to the option price. An SAR may be granted free-standing or in tandem with new or existing options. Upon exercise of an SAR, the holder thereof is entitled to receive the excess of the fair market value of the shares for which the right is exercised (calculated as of the exercise date or as of any time during a specified period before the exercise date) over the grant price of the SAR. The grant price of an SAR (which may not be less than the fair market value of the shares on the date of grant of the SAR or of any related option) and other terms of the SAR are determined by the Committee. Payment by the Company upon such exercise is in cash, stock, other property, or any combination thereof, as the Committee may determine. Any related option may no longer be exercisable to the extent the SAR has been exercised and the

exercise of an option cancels the related SAR to the extent of such exercise.

The following table shows, as to the Executive Officers named in the Cash Compensation Table and all Executive Officers as a group for the year ended December 31, 1990, the following information with respect to stock options and tandem SARs: (i) the number of options granted to purchase common stock of the Company; (ii) the average per share option exercise price; and (iii) the net value of shares of common stock or cash realized when options or SARs were exercised.

	<u>R.E. Allen</u>	<u>R.L. Tobias</u>	<u>M. Tanenbaum</u>	<u>V.A. Pelson</u>	<u>S.R. Willcoxon</u>	<u>Executive Officers as a Group</u>
Granted—						
1/1/90 through 12/31/90						
Number of options with SARs	44,898	21,333	19,880	14,326	12,146	253,431
Average per share option price.....	\$45.94	\$45.94	\$45.94	\$45.94	\$45.94	\$45.35
Exercised—						
1/1/90 through 12/31/90						
Net value realized (market value less option price) in shares or cash.....	—	\$769,455	\$44,750	—	—	\$1,141,792

Under the AT&T 1987 Long Term Incentive Program, the Committee may also grant other stock unit awards. Other stock unit awards are awards of shares and awards that are valued in whole or in part by reference to, or are otherwise based on, common stock or other securities of the Company. These awards may be paid in common stock or other securities of the Company, cash, or any other form of property as the Committee shall determine. Stock (including securities convertible into stock) granted pursuant to stock unit awards may be issued for no cash consideration or for such minimum consideration as

may be required by applicable law. Stock (including securities convertible into stock) purchased pursuant to purchase rights granted may be purchased for such consideration as the Committee may determine, which price may not be less than the fair market value of such stock or other securities on the date such purchase right is granted.

Restricted stock awards may be granted under the 1987 Long Term Incentive Program. Restricted stock is subject to forfeiture and may not be disposed of by the recipient until certain restrictions established by the Committee lapse. Recipients of restricted stock are not required to provide consideration other than the rendering of services or the payment of any minimum amount required by law. A participant has, with respect to restricted stock, all of the rights of a stockholder of the Company, including the right to vote the shares and the right to receive any cash dividends, unless the Committee determines otherwise. In 1990, 7,000 shares of restricted stock were granted under the 1987 Program to Executive Officers as a group.

The AT&T 1987 Long Term Incentive Program also provides for the grant of performance units, which are awards conditioned on meeting performance criteria and are valued by reference to cash or property other than stock. These awards may be paid in cash, stock, other property, or a combination thereof. This type of award has not been utilized for performance years through 1990.

Awards under the AT&T 1987 Long Term Incentive Program may be made through April 15, 1997. Directors who are Officers do not participate in any action of the Board or the Committee relating to the incentive compensation plans.

All senior managers, including Executive Officers, are eligible to participate in a plan under which the costs of financial counseling services provided to such employees are paid by the Company. Payments in 1990 under this plan for Messrs. Allen, Tobias, Tanenbaum, Pelson, Willcoxon, and Executive Officers as a group were \$11,192, \$6,700, \$8,048, \$6,075, \$9,450, and \$161,792, respectively.

All Executive Officers participated in certain personal benefit-type arrangements such as provision of telephone service and use of Company transportation, which did not result in compensation in amounts that require reporting herein. Reimbursement for tax imputation is made for some of these personal benefits, as well as for payments for financial counseling. Such reimbursement was made in 1990 to Messrs. Allen, Tobias, Tanenbaum, Pelson, Willcoxon, and Executive Officers as a group in the amounts of \$7,611, \$4,251, \$5,772, \$6,849, \$5,046, and \$104,323, respectively.

OTHER INFORMATION

A Directors' and Officers' Liability Policy was renewed effective July 1, 1990, with Lloyds of London and other carriers. The policy insures AT&T for any obligation incurred in the indemnification of its Directors or Officers under New York law or under contract and insures Directors and Officers where such indemnification is not provided by AT&T. The one-year policy's cost is \$1,490,000.

The cost of soliciting proxies in the accompanying form will be borne by the Company. In addition to solicitations by mail, a number of regular employees of the Company and of its subsidiaries may solicit proxies in person or by telephone. The Company also has retained Morrow & Co. to aid in the solicitation of proxies, at an estimated cost of \$18,000 plus reimbursement of reasonable out-of-pocket expenses.

The above notice and proxy statement are sent by order of the Board of Directors.

Robert E. Scannell
Vice President – Law and Secretary

Dated: February 26, 1991

